

THE CURRENCY—ITS EXPANSION—THE PUBLIC DEBT— THE NEW NATIONAL BANKS.

16

S P E E C H

OF

HON. JAMES BROOKS, OF NEW YORK,

DELIVERED

IN THE HOUSE OF REPRESENTATIVES, MARCH 24, 1864.

The House having resolved itself into the Committee of the Whole, and resumed the consideration of the special order, being the bill to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof (reported from the Committee of Ways and Means by Hon. S. HOOPER, of Massachusetts,)

Mr. BROOKS said :

Mr. CHAIRMAN : I hope the House will excuse me for the presumption of rising to address it upon a matter so differing as this bill does from the usual pursuits and studies of my life ; but so important is this proposed change of the currency of the whole country, and so alarming is this transfer of the control of that currency from the States which have hitherto held it in custody now exclusively to the Government of the United States, with the consequent transfer of all legislation upon that subject from the capitals of the different States of this Union here to this the city of Washington—the political capital of the country—that presumptuous as it may be, I cannot refrain from discharging my duty to the great commercial metropolis and its banking interests that I, in part, represent. I hope, I say, the House will moreover excuse me for the presumption in which I seem to indulge, in venturing also to come into conflict with the opinions of the honorable gentleman from Massachusetts, [Mr. HOOPER,] who has given so much time, attention, and study, and who has had so much experience in all matters relating to the money, currency, and banking of the country.

But the honorable gentleman from Massachusetts will forgive me if I differ with him in opinion, because in defense of that difference of opinion I am able to say I was educated in his school, in no small degree, by the books or pamphlets he himself has written, and thus I had become a humble pupil, with a deference to his principles of banking and currency, from which he will now find it difficult to uneducate me. One of the books or pamphlets which the honorable gentleman has published I have now in my hand, and another I have in my library

at home, and which I regret I have not here to-day for our common edification. These books, I need not say to those who have read them, differ altogether from the new light and new lessons which in his speech of yesterday he introduced for the consideration of the House and for the instruction of the country. The honorable gentleman has hitherto been a hard-money man, almost of the hardest kind, as well as a State-bank man of the strictest and strictest school, whereas now he turns up here, to my knowledge for the first time, as an advocate of irredeemable paper money, not only from the necessity of the case, but for irredeemable paper money, as a thing *per se* desirable or indispensable in the existing state of things, and that paper money to be issued not in commercial centers or capitals, but exclusively here in the political capital of the United States.

Sir, the honorable gentleman is the organ of the committee which introduced this bill before the House—a bill of some fifty pages in length and having in it sixty-four sections. The three best of those sections, in my humble judgment, are the three last : section sixty-four, which reserves to us the power and the right at any time to amend, alter, or repeal the act ; section sixty-three, which exempts one of the banks of the State of New York—the Bank of Commerce—from the personal liability provision of this act, and which takes that bank practically out of the act—a provision excellent in itself, but defective in that it leaves the other forty-nine banks of the city of New York wholly subject to the provisions of the bill ; and the sixty-second section, considered by me as the very best, because it repeals *in toto* the banking law of 1863, and thus condemns it as unendurable after only the trial of a single year. Hence I pronounce these last three sections of the bill to be the very best ; one, because it reserves to us the right to alter, repeal ; another, because it establishes the precedent of exempting one State bank in New York ; and the third because it repeals an act only a year old, and thereby comes before the country confessedly acknow-

ledging that the legislation of that year was hasty, unwise, unendurable, and necessary to be repealed after the experience of only a single year.

THE STATE BANKS—STATE INSTITUTIONS, ETC.

The honorable gentleman from Massachusetts [Mr. HOOPER] was pleased to say in his speech that "the State banks had outlived their usefulness." I regretted to hear such a remark from the honorable gentleman, but I suppose I must accept his remarks as the opinion of a large number of members of this House, who have not only decreed the doom of the State banks, but are willing to use his strong language, and hence say "these banks have outlived their usefulness." Alas! we have reached a period in our history when too many of our State rights and State institutions have, in the opinion of too many men, outlived their usefulness. The State courts, in the judgment of too many, have outlived their usefulness, and hence the legislation of this Capitol, for two or three years past, has been violently directed to take from the States not only the control of their legislation but the control of their judiciary, and to transfer the power, authority, dignity, the common law of the country, and the adjudications upon that common law, from the States of this Union to the Government of the United States here in this capital. Other State institutions have also "outlived their usefulness." The State militia, which hitherto has been the great defender of the rights of the States and of the United States, our gallant countrymen having up to this period always rallied and protected their country, the State militia have outlived their usefulness, and by a decree of these many people the State militia is abolished, and the whole military power of this country is now transferred from the States to the Federal Government. State institutions of all kinds, indeed, if not already abolished, are in the process of being abolished. Why, what do we witness here in this Hall now? Day after day we hear speakers on this floor advocating the transfer of State internal improvements from the States to the United States; and these State internal improvements are about to be transferred, or threatened to be transferred, from the capitals of the States, such as Augusta and Albany and Indianapolis and Harrisburg, to the Halls of this Capitol. Indeed, we are called upon here practically to incorporate State railroads, and to take from the authorities of the States the power over their internal improvements, when that power has been hitherto legitimately and beautifully exercised by them in the creation of the most wonderful system of internal improvements ever exhibited by any country whatsoever on the face of the earth.

The time is coming, if this process of legislation is to go on, when I expect to see discussed in this Hall the propriety of a street railroad in Chicago or Springfield, Illinois; in Albany or in Augusta, Maine; in Lexington, Kentucky; or in Milwaukee or San Francisco; or the propriety

of a railroad on Broadway, or of a cross-town railroad in New York; and when the lobbies and galleries of this Capitol shall be unable to hold the swarming thousands who will come here to press upon this Congress the adjudication of all matters whatsoever, not only appertaining to the States but to the municipalities in the States. State authority, State dignity, State power, if not already gone, are going. They are held up at auction, as it were, in this Capitol, the auctioneer crying "Going! going!" alas, under the hammer, soon to be "gone!" We hear now for the first time in the history of the country that State banks, the successful creations of the States of this Union ever since the creation of the Bank of North America at Philadelphia—that "State banks have outlived their usefulness!" That is authoritatively pronounced here, and we are invoked to take from the States, from the capitals of the States, from the representatives of the States in those capitals, all authority whatsoever over their own State banks, and to vest that authority here in Washington, in the President of the United States or his Secretary of the Treasury.

Sir, I am opposed to this whole scheme for trampling down the States and of reducing them to mere municipalities or corporations. I have never been in my political position an ultra State rights man. Educated in the old Whig school in the middle position of the Democracy and of those who were the upholders of States rights in the South, my politics have been medium politics; but here is a system of Federal centralization and consolidation never dreamed of by Alexander Hamilton, and never ventured to be uttered by any of the monarchist framers of the Constitution in any part of the debates which resulted in the promulgation of that Constitution in 1787.

Mr. HOOPER. I would like to ask the gentleman from New York how many State banks there were in 1787?

THE BANK OF NORTH AMERICA—ROBERT MORRIS.

Mr. BROOKS. I thank the honorable gentleman for recalling to my mind that period and that era.

Sir, when in 1780 from excessive issues of paper Continental money, that species of currency was becoming comparatively worthless, and when the credit of the country was at its lowest ebb, Robert Morris and a few associates started a bank in Philadelphia, the principal object of which was to supply the army of Washington with rations and with rum. Congress pledged the faith of the United States to reimburse and indemnify them. The bank then established and which afterwards, in April, 1782, was chartered by the State of Pennsylvania, was no mere paper money bank, such as the honorable gentleman from Massachusetts would now by hundreds create, but a hard money bank whose notes were redeemable, not in Continental paper but in gold and silver, and this too, in the darkest period of the American Revolution. The name of the bank thus created

was the Bank of North America: and that bank, that specie-paying bank, the offspring of the financial genius of Robert Morris, it was, that next to the military genius of Washington successfully carried us through the Revolution. The crisis of 1776, 1780, 1781, and 1782, developed great minds and great men worthy of the era. Washington improvised armies, and Robert Morris improvised credit and capital, and with more than the power of the alchemist converted them into gold and silver. Sir, I never speak of that great man, Robert Morris, but with reverence, if not with awe. Oh! that now we had such a man in the administration of the Government, who could look above and through these mists of miserable delusion, these paper legal tenders and interest-bearing Treasury notes, made legal tenders, into the pure mines of silver and gold. Oh! that some Robert Morris in the midst of this our civil war, in 1864, would arise as in 1782 and rescue us from Treasury notes, but another name for the Continental money of the Revolution of 1783! Nay, why should not the honorable gentleman from Massachusetts aspire to the immortal fame of Robert Morris, and instead of littering the land with paper banks, as he now proposes in his bill, establish in lieu thereof, some Bank of North America to issue notes redeemable in gold and silver? And now, with the recollection of that bank of North America before him, a State bank, too, will the honorable gentleman insist upon it that all State banks have outlived their usefulness?

THE SUSPENSION OF SPECIE PAYMENTS.

But I must proceed with the course of my remarks, from which I have been diverted by the inquiry, of what State banks there were during and at the close of the Revolution. The honorable gentleman from Massachusetts has such authority and weight with this House that I am not disposed to stand altogether on my own arguments in replying in his remark that State banks could not have carried us through the existing crisis; that if they had attempted it they would have failed, and that, therefore, it becomes necessary to substitute banks in the States under the Washington Government independent of the States, in lieu of the bank legislation that springs from the capitals of the States. Or, in other words, the States having failed with their paper money, the Federal Government alone can do what the States have failed to do, that is, provide paper money to carry on the war, as if paper manufactured or printed as money in Washington was better than if printed in New York, Philadelphia, or Boston. Now, in replying to the allegation that the State banks could not, even with Federal co-operation, have successfully carried us through the money crisis, I stand not altogether on my authority. I hold a pamphlet in my hand written by the representative man of a great class of financiers in this country—a man who bears the honored name of Gallatin, the son of Albert Gallatin—in which he says, in substance, that

in his opinion if Mr. Chase had not misused the \$170,000,000 of gold which he withdrew from the State banks, if he had administered the finances of the country as they had been hitherto administered by Secretaries of the Treasury, the State banks could have gone through the crisis, successfully administering this Government as a hard money Government to carry on a hard money war. This is the opinion of James Gallatin, whose authority I can safely offset even to the high authority of the gentleman from Massachusetts. I might add in corroboration the names of many other distinguished financiers.

THE EXPANSION OF THE CURRENCY.

But the honorable gentleman from Massachusetts indulges—if he will permit me to use the word in no offensive sense, but there is no other in our language which characterizes it—in many errors, errors too often repeated in this House, and too often repeated elsewhere, and which must be met here as often as they are repeated. One of his errors is that there is but \$400,000,000 of paper currency in circulation. No error can be more deceptive, no error more ruinous; for as currency is the measure of prices, of the wages of labor, and of the value of all property, it is the first duty of the statesman and lawgiver to understand, and exactly understand, what is the basis of all this property, that is, what is the amount and character of the currency. Of late, and only of late, we have been enabled to obtain from the Secretary of the Treasury monthly and semi-monthly statements of his issue of paper and of his currency, although the law has been from the beginning that he should publish such statements, which are of the highest importance to all men in the country, but most especially to all business men. I hold in my hand the official statement of March 15, by which it appears that there had been issued, up to that day, in temporary loans, \$47,207,545.

Now, let me not be told that these temporary loans are not currency, because, substantially, they are currency. I call the attention of the honorable gentleman from Massachusetts to the fact that in my own city of New York, on Monday last, when the statement of the clearing-house was made, there appeared to be \$13,000,000 of these temporary loans acting as currency in the transactions of the clearing-house, used in the settlements of the banks as currency, and no doubt they are used elsewhere as currency just as they are used in New York.

There had been issued on the 15th of March in United States Treasury notes \$449,073,616—\$49,073,616 of United States Treasury notes beyond what the honorable gentleman from Massachusetts says is the currency of the country, which he set down as only \$400,000,000. There had been issued on that day, of fractional currency, \$19,173,320. Of the new Treasury notes, which the Secretary of the Treasury has the authority to issue to the amount of \$400,000,000, there was issued on the 15th of

March, in one year Treasury notes, \$14,600,000; in two-year Treasury notes, \$115,531,441. Of certificates of indebtedness there had been issued on that day \$134,098,000. The table, therefore, of currency issued March 15, 1864, stands thus:

Temporary loan.....	\$47,207,545
United States Treasury notes.....	449,073,616
Fractional currency.....	19,173,320
Interest-bearing Treasury notes.....	130,131,441
	<u>\$645,585,922</u>
Add certificates of indebtedness.....	134,098,000
	<u>\$779,683,922</u>

Let me here, before passing from this subject, call the attention of the House to some kindred facts. The public debt of the United States was on the 1st of March \$1,513,291,042; on the 15th of March, \$1,580,201,744. The increase has been \$83,296,592 in fifteen days! The items of increase have been as follows:

Two-year legal tenders.....	\$20,079,353
One-year legal tenders.....	8,740,000
Fractional currency.....	427,600
Five per cent. certificates at ten days.....	7,018,626
Unpaid arrearages.....	39,640,416
Total.....	<u>\$75,906,125</u>

Of this increase, in round numbers \$30,000,000 has been in currency, or \$2,000,000 per day, and if all claims on the Government had been paid the increase would have been \$40,000,000 more.

Sir, these are facts that need no comment. They point of themselves irresistibly to the great paper gulf into which we are drifting. The Government (March 15) had a paper currency of \$645,585,922, without the certificates of indebtedness, often acting as currency, but with them \$779,683,922 in all. Sir, no government on earth, no people can long swim and not sink in such fathomless depths of paper money acting as currency. The rise in gold, as well as the rise in beef, pork, &c., the strikes of laborers for higher wages, are all terrible admonitions to the Administration of the Government of the bottomless pits they are digging to bury up the industry and the property of the country.

Now, the honorable gentleman from Massachusetts and those engaged with him in this bill propose—what? To stop, to pause? O! no, but to go on with this expansion of the currency, and to add under this bill \$300,000,000 more, making in all \$1,000,000,000 in currency! Sir, I was about to make a remark upon a currency, thus running beyond the hundreds of millions into the billion, but I forbear, as figures and facts themselves, even if silent, are the most eloquent and significant commentators.

WHAT IS CURRENCY?

The honorable gentleman from Massachusetts will go with me further, because he is on record as going with me further, in his publications, that there are many other species of currency

besides those I have described in the tables I have been giving. And I have not only the authority of the honorable gentleman, but I have also the authority of Hon. Albert Gallatin, the second great financier of our country, given in a work which he published in 1830, in order to defend before the country the then United States Bank. In that book he speaks of many kinds of currency, and among them of bank notes and bank deposits. The honorable gentleman from Massachusetts in his own work, to which I have alluded and which I now hold in my hand, admits that bank deposits are to be considered as currency, so that he is on record with Albert Gallatin in support of this proposition, that not only bank notes but bank deposits, as well as bank drafts, bank acceptances, and bills of exchange, are all included in the currency of a country. So that upon the actual basis, as it now exists, of the currency of the country, an extension is already going beyond the powers of arithmetical calculation to describe it; which can only be well understood in the formulas of algebra.

EFFECTS OF THE EXPANSION.

Now, sir, the effect of such an enormous expansion of the currency is seen, shown, and felt on all sides of us. I call the attention of honorable gentlemen to the statements of the clearing-house in New York; and there is no fact which shows more significantly this gigantic increase in the exchanges and the currency than these reports of the clearing-house in New York. The reports for ten years prior to the close of 1861 show that the average daily clearances in the clearing-house in New York were only \$22,000,000 a day, while for a considerable period of time recently, the clearances of the banks in the city of New York have reached an average of \$115,000,000 a day, and on Monday last, as shown by the bank tables published in the papers, the clearances in the city that day run up to the enormous sum of \$146,000,000; so that since the commencement of the issue of this paper currency authorized by Congress the increase of daily clearances has run from twenty-two millions up to one hundred and forty-six millions on Monday last. The consequence is that in the revelry and intoxication of speculators and speculations, the country exhibits a spectacle never before exhibited on earth since the days of John Law. Wall street now, in its numerous boards of brokers, in its gold board, its mining boards, &c., is just as wild as was the famous *Rue Quincampoix*. No pen nor pencil can picture, even, the scenes there daily exhibited; and as if day were not long enough for men to enrich themselves, when the increase came by thousands, perhaps the hour, the fury is prolonged till late in the night at the Fifth Avenue Hotel, in the upper part of the city. Such an exhibition, I say, of daily and now of nightly speculation the world, I think, never saw before, not in the South Sea bubble, certainly, not even in the Mississippi bubble of the famous John Law. The rage of

1836 in our own country, nor of any other period in our history has equaled it. The Continental money speculations of 1780-81, when paper was as five hundred to one of gold, and when \$200,000,000 of old Continental notes were in the agonies and throes of their expiration, were nothing like what we now see. We exhibit the amazing spectacle, or rather the amazing delusion, of growing richer and richer the more we consume of life and property by war; and we reason or seem to reason that war is a divine institution to make the rich richer and the poor as rich as the rich. We go on importing far beyond our exports; and the looms of Lyons cannot weave silks and satins and tapestry costly enough for us, nor the cashmeres of India now satisfy our luxurious tastes. The China of Dresden nor of Prague nor of Sevres, or the figured carpets of Aubusson, appease us; while the world looks out as upon a people in a mad-house, who, in the midst of all the horrors of a civil war, strip themselves of their precious metals to put the proceeds upon their backs or in their boudoirs or buffets. The man or set of men who expands the currency of his country up to or beyond \$700,000,000 is responsible for all this, and the man, or the set of men, who would add on our currency \$300,000,000 more, is responsible more, for all eyes now are wide open to the fatal consequences.

THE COST OF THIS EXPANSION.

The honorable gentleman from Massachusetts also is pleased to tell us that his \$400,000,000 of currency was issued without cost to the public; that is, that this \$400,000,000 of legal tender, which goes floating in and out of the Treasury, was issued without cost to the people or to the credit or honor of the country. Nothing is more illusive; no declaration could have been more erroneous, no conception could have been more fatal to the public credit or to the public confidence than an idea like this, so often repeated here and elsewhere.

Let us look for one moment at the effect upon the public debt of the country. The debt of the United States on the 15th March, 1864, was \$1,510,201,774. Now, sir, had this debt been contracted upon a specie basis, estimating gold at a value of sixty-two and a half per cent. premium, it would have been, on the 15th March, 1863, only \$943,876,109; which would have been a saving to the United States of \$566,325,665. But gold, instead of being sixty-two and a half per cent premium, stood yesterday in the New York market at sixty-six and sixty-seven. So then the Government has lost, by the transfer from gold to paper currency, about six hundred millions. If we do not appreciate that fact now, we shall when the debt as well as the interest comes to be paid in gold. Therewould, I repeat, have been that saving if the country had continued under a hard money currency.

I wish to call the attention of the honorable gentleman from Massachusetts to the exceeding loss to the country by the issue of his \$400,000,000 of paper currency in the great increase of

prices that it has effected. I hold in my hand a table of prices in December last, and found in the December report of the Secretary of the Treasury, showing the increase in a number of articles necessary in this war, which I ask the Clerk to read, because it will be better heard and be better understood if read at the desk than by myself.

The Clerk read, as follows:

Prices of December,		1860.		1863.	
Flour, per barrel.....	\$4 75 to \$4 85	\$7 45 to \$7 50			
Oats, per bushel.....	37 to 38	90			
Corn, per bushel.....	67 to 69	1 21 to 1 23			
Coffee, Rio, per pound.....	13 to 14	32 to 33			
Gunpowder, rifle, per twenty-five pounds.....	5 25	7 25 to 7 50			
Iron, English bar, per ton.....	42 00 to 43 00	72 50 to 75 00			
Lead, pig, per cwt.....	5 62 to 5 70	9 50 to 9 60			
Pork, prime, per barrel.....	11 50 to 12 00	12 00 to 12 25			
Beef, mess, per barrel.....	5 00 to 5 25	5 00 to 7 00			
Butter, per pound.....	15 to 21	25 to 30			
Salt, Turk's Island, per bushel.....	19 to 20	50			
Soap, brown, per pound....	5 to 8	10½			
Teas, Souchong, per pound...	31 to 32	60 to 62			

Average price for the thirteen articles above named in December, 1860.....\$6 00
 Average price for the thirteen articles above named in December, 1863.....\$9 40
 Average percentage of increase of prices, 63½ per cent.

Mr. BROOKS. It will be observed that the two tables of debt and prices nearly correspond. the increase in the premium of gold is about the increase in the price of these articles. So as the currency has been inflated the price of these leading articles has been inflated also, and the Government has become so much the more debtor to the capitalists who loaned the money to buy these articles at their inflated prices than it would have been if it had issued no legal tender as gold, but had done its business actually in gold.

WAR—PAPER—GOLD.

The honorable gentleman from Massachusetts was also pleased to say that a war like this could not be carried on without paper money. I am indisposed altogether to assent to that proposition. I have shown from the authority of Mr. Gallatin, and I could show from the authority of a hundred as distinguished financiers, that this war could have been carried on as a hard money war without the suspension of specie payment. The history of the world, too, shows that it could have been done. I call the attention of the House and the country to the fact that at this moment in one third of the territory of this nation, from the Rocky mountains to the Pacific, and up and down the Pacific slope, paper currency has not been permitted to exist. California and the surrounding region has a hard money currency. That people discharge all the functions of their business in gold, which is the only currency. The higher law of gold thus operates over one third of the territory of the Republic. Ay, in full one third exists hard money currency. The people there are as much at war as we are, and yet the gentleman from Massachusetts says that war could not be carried on without paper money, when it is carried on there without it now.

I call his attention again to the fact that the closing scenes of our Revolution were carried on by hard money. The war was carried on with paper money until 1780 or 1781; but in April, 1781, in Philadelphia, Continental money stood as 130 to 1, (gold,) and in May as 220 to 1, when the bubble burst, and the whole \$200,000,000 issued went down. The peace of 1783 was, under Robert Morris, acting through the Bank of North America, a hard money triumph as well as a triumph of liberty. The closing glorious scenes of the Revolution were all a triumph of hard money, when Continental money was not worth the paper it was printed upon. So it was in the French Revolution. In the early period of the Revolution, when the wild men of that Revolution ruled and were destroying and devouring each other, when despotism was installed in every place and liberty thrown down everywhere—the days of Danton, of Marat, and Robespierre—then paper assignats were spread far and wide. Then was the era of French paper money, and of great financiers in *assignats* and *mandats*. Then paper money was legal tender, and forced upon people in all parts of France. There were issued in all forty-five milliards of assignats—that is, forty-five milliards in francs, equivalent in our money to \$9,000,000,000; but long before this wild issue their imaginary value even had blown up. The French people lost everything, not only the liberty for which they had struggled, but their property too. In the midst of that downfall and overthrow there arose in France, not a genius of peace, like Robert Morris, who in his specie-paying bank, evoked order out of chaos, but a genius of war, who sword in hand, cut away from paper money, and evoked order out of chaos by the splendor and the terror of his arms. That man was Napoleon. He brushed out of existence at once the whole system of paper money, assignats and mandats, and down they went at his bidding. Gold was the money of Napoleon; hard money was the foundation upon which he stood the imperial guard of France; and the paper chaos of Marat and Danton and Robespierre fled at once, while the imperial eagles were planted upon the palaces of Potsdam in Prussia, the overhanging hills of Dresden, the beautiful Schoenbrunn of Austria, and the Kremlin of Moscow. Gold and the guard were the companions of Napoleon from the Tuileries up to the day when he was stricken down in battle by the combined Powers of Europe upon the bloody field of Waterloo; and then he went down not buried in paper assignats, nor in continental money, nor in Treasury notes, but with the golden eagle in his soldiers' or his marshals' pockets, and with the golden record: "I found France ruined in assignats and mandats; I stood her up upon a platform of gold."

So, too, in the war of 1812. The war of 1812 was not a paper money war. None of the banks of the United States suspended specie payment in that war until six months before the treaty of peace; and, if I am correct in my recollec-

tion, the banks of Massachusetts never during the war of 1812, refused to discharge their obligations in specie, at least the banks of Boston. That is my impression, that is my belief; I have so read, and I think I am right. The gentlemen from Massachusetts nod assent, and I hope the example of his illustrious State will tempt him to invoke order out of this existing chaos, and re-establish Boston as the golden hub of the universe by making gold and silver the basis of money there and everywhere.

Mr. BOUTWELL. I would inquire of the gentleman whether he refers to the same Massachusetts of which he spoke so disparagingly the other day?

Mr. BROOKS. Disparagingly! I thought I exalted Massachusetts, certainly the power of Massachusetts, to the skies. I bow to Massachusetts. One gentleman from that State introduced this bill, and another gentleman from the same State introduced the freedmen's bill the other day; I know that whatever Massachusetts ordains is the law, and hence I bow to the power of Massachusetts. I acknowledge her sovereignty; I am the victim of her will and ordinances, and I am prepared to obey.

\$300,000,000 MORE OF EXPANSION.

Well, now, what is the remedy of the honorable gentleman from Massachusetts (Mr. HOOPER,) in the existing order of things? Why, he and his friends tell us they have only introduced the New York system of free banking, and have limited the capital to \$300,000,000. I answer that the New York system, under the superintendence of the banking department, is kept distinct from the Treasury throughout, not entangled at all in it as in this bill. It is an isolated department, not connected with the executive treasurer of the State, nor with any branch of the State government, but is a separate and distinct department throughout, free from interference or control, save by law, formally enacted through all the branches of the State government; and such I hope will be the character of this bill before we get through with it.

This system differs in another great respect from the New York system. That is based upon redemption in gold and silver, and only in gold and silver, while the system of the honorable gentleman from Massachusetts is based upon paper, exclusively upon paper, and upon nothing whatsoever but paper.

Mr. STEVENS. Are the banks of New York redeeming their notes in gold?

Mr. BROOKS. I knew the gentleman was going sarcastically to ask me that question, for I had heard him in the Congress preceding indulge in the same sarcasm. But I am disposed to answer him. They would redeem in gold had not the party which the honorable gentleman leads declared by law paper to be the equivalent to gold. [Mr. STEVENS then seemingly preparing to ask another question.] And now he is going to ask me if they did not sus-

pend specie payment before the legal tender act. [Laughter.]

Mr. STEVENS. That seems to follow.

Mr. BROOKS. I knew he was going to ask me that. The New York banks would have been compelled to redeem their notes in gold and silver, or to go into liquidation long before this period, if the Government of the United States had not interfered and enacted that with a Treasury note worth only about sixty cents on the dollar the full dollar of obligation could be legally discharged. We should have done our duty in New York—we have done our duty hitherto—and long before this we would have driven all these banks into liquidation if they had not redeemed in gold.

Mr. STEVENS. If I remember correctly, the New York banks took the \$150,000,000 loan and paid \$100,000,000 of it in coin; and about the time of the meeting of Congress refused to pay the other \$50,000,000 in coin, and paid it in currency.

Mr. BROOKS. If I were to answer that remark, it would lead to another half hour's discussion, and upon an irrelevant matter, and consume all my allotted hour's time.

Mr. STEVENS. I beg the gentleman's pardon. I withdraw the suggestion. [Laughter.]

Mr. BROOKS. Then I will avail myself of some other occasion.

BRITISH DEBT AND TAXATION.

The honorable gentleman from Massachusetts was also pleased to refer, in the course of his remarks, to some observations of my honorable colleague [Mr. FERNANDO WOOD] as if in justification of the system of debt and finance which exists in Great Britain, and therefore directly, not by implication, to justify this country in following the system of finance which has been adopted in Great Britain. The remarks of my colleague bear no such implications; but let that pass.

Now, sir, in my judgment, no more fatal step could ever be taken than in matters of debt and finance to hold up to the people of the United States the example of Great Britain as an example for us to imitate or to follow. I speak not without observation with my own eyes, and I speak by the authority of books too, when I say that while England is nominally the freest country in Europe, if not now in the world, a system of social slavery and of labor slavery exists there worse than in any part of continental Europe south of Russia. The people of England are more ground down by taxation and poverty and misery and social slavery, than almost any other people in Europe. A native-born American, if he has not a title or a million of money, finds it next to impossible to live in freedom, ease, and happiness among the people of Great Britain, unless he is willing to be a pariah among a privileged class. Their manufacturing population, their laborers, their peasants—the whole class of workmen in Great Britain is, with exceptions certainly, but in a great class the most miserable and degraded of

laborers that exist anywhere in Europe, Russia excepted, or on the confines of Europe—I was about to add in Egypt or upon the shores of the Mediterranean. The immense debt of Great Britain, the consequent enormous taxation, the classes of society it has created from the high-up rich to the down-trodden poor, are, or ought to be, beacons of terror for every American to affright him from her whole financial system.

Look at England, and Ireland too; read of them in the books; go into the manufacturing districts or the collieries of England; walk from the Hebrides, or the Highlands; then throughout Yorkshire and Lancashire, or throughout Great Britain generally, and you will find that more poverty, more misery, more human degradation exist among laborers there than in Austria, or France, or Prussia, or anywhere in Europe, unless it may be in some parts of Greece or Turkey in Europe, or possibly in some parts of Russia; and all this is the result of their debt and the necessary imposition of high taxes to support it, and the consequent oligarchy of capital and of aristocracy of title to rule in co-operation with that oligarchy over the masses of the people.

GREAT FINANCIERS.

Sir, I know this is not the day nor the hour to speak irreverently of any man or set of men who are exalted now to a pinnacle of glory as the great paper financiers of our country. I do not expect a verdict this day or in this House; but I know what will be the verdict of hereafter. I know, because I have read history; and it is a logical inference from what has been that the same causes are certain to produce the same effects again. John Law, the author of the Mississippi bubble, at one time stood in France upon the very topmost round of human elevation. A Scotchman and a Protestant, he was adopted by the French nation, a Catholic people, as a son and child of that nation, and for his successful financiering lifted up from obscurity to be the greatest man in all France. But he had to fly from France as an exile to save his life, driven away in the dark hours of the night; and that was the end of one paper-money financier.

Sir, in my own day I have seen Nicholas Biddle on Wall street, surrounded by the richest men in New York and the neighboring cities, hoping for a smile on his face, bowing to him with veneration, observing his motions, and trembling before his frown, watching the very movements of his eye for the rise or fall in their prosperity. Millions and millions were supposed to depend upon the will and caprice or knowledge of Nicholas Biddle; and if I, on Wall street, in 1836 or 1837, had spoken of his paper-money system that he was then creating as I now speak of this of Mr. Chase, another successful financier, I should not have been treated there with half the decorum that I am treated with in this House now in denouncing the existing paper-money system.

Labor is labor. Work is work. Man is made to earn his bread by the sweat of his face. There is no other means of legitimately earning support for life. Gold is omnipotent, next to God, here on earth. It is a "higher law," and far above all human legislation. No military power can reach it, no military necessity, no military tyranny; no gold bills of this House or of any other legislative body. Gold is majesty, high enthroned above king or emperor, or czar or kaiser, and imperiously ruling both over kings and men. Gold only is money, and there is no other money but gold. Nevertheless, I tell the gentleman from Massachusetts and his friends here, I bow now on this bill, as I have bowed before, to the majesty of Massachusetts in this House, when Massachusetts ordains the law: I comprehend that this bill,

or the substance of it, is to be the law; and hence I wish generously to co-operate with him in good faith in bettering the bill as much as lies in my power. I wish, therefore, to call his attention, and the attention of his friends, to a few of what I deem the deficiencies of some of the provisions of this bill even to carry out the purposes he desires.

NO UNIFORM CURRENCY IN THIS BILL.

Let it be remembered, first, that there is not provided in this bill the uniform currency which the gentleman from Massachusetts promises. Instead of providing here by law, as the Comptroller of the Treasury advises, one place only for the redemption of the \$300,000,000 of currency about to be issued, the bill provides ten places, namely: St. Louis, Louisville, Chicago, New Orleans, Cincinnati, Baltimore, Philadelphia, Boston, New York, and San Francisco. One of these places is the distant city of San Francisco; another is New Orleans. When Charleston and Richmond are re-annexed to the union, as I trust they some day will be, Charleston and Richmond will make twelve places of redemption for this currency. There is not, there cannot be, any uniform currency in this way. The brokers and the money changers will everywhere soon be shaying the people under such a discordant and distant system of redemption as that. The New York banking system provides that in the great monetary capital of the country, in the city of New York, or in Albany, not far from it, the issues of the State banks shall be redeemed. But under this bill, a bank established at Yonkers, New York, within a few miles of the city of New York, can make its notes redeemable in San Francisco or New Orleans. Under such a system as that, there cannot be a uniform currency of course.

Mr. HOOPER. The gentleman will allow me to say that it must be with the consent of the Comptroller of the Treasury.

Mr. BROOKS. Yes; but I suppose that the Comptroller of the Treasury will be guided by their request.

Mr. HOOPER. What I want to call the attention of the gentleman to is the provision in the bill that each bank shall select a bank in one of the cities named, at which to redeem, and that the selection must be approved by the Comptroller of the Treasury.

Mr. BROOKS. Well, that is better; but twelve different and distant places of redemption, and only one of them the monetary center, cannot give a uniform currency. There is no way to create a uniform currency in this country except on some such system as the old United States Bank had, where its branch issues were redeemed by other branches, and in that way created a uniformity, or else by compelling all the banks to redeem in New York. The only way to have a uniform currency is to strike out these twelve different and distant places of redemption, and to redeem all in the great monetary capital, the city of New York, or, if you please, in Boston and Philadelphia in addition, in close contiguity to that monetary capital, and but parts and parcels of it. All other "uniform currency" in the hour of trial will be found to exist only in name, never in reality, and to become by and by the merest mockery.

THE OVERTHROW OF THE INDEPENDENT TREASURY PET BANK.

I now call the attention of the House, too, to another great change made by this bill; that is, the abolition in substance of the independent Treasury of the United States,

the overthrow of that which was and is the pride and honor of the Democratic party, and which successfully forced itself on the approbation of even the old Whig party, and that was the abstraction of the public money from the bank of the country and the creation of an independent Treasury, which was alone to hold that money. This bill in one of its sections changes, alters, overthrows all this, and gives the whole public money of the country to that brood of new banks which is to be created here. The pet bank system is a part of the inglorious history of our country. Every one who reads the history of 1836-37-38 knows what a fatal history that was. Every one knows what broods of new banks sprang up only to receive the deposits of the Secretary of the Treasury; banks with almost unpronounceable names, and in towns and cities often known only on the paper on which the lots were engraved. Read the correspondence of Levi Woodbury, the then Secretary of the Treasury, with the then banks all about the country. The record is one as comic in chicanery and fraud as it was tragic to some of the best property interests of the country. Read of the amount of money lost. Read there the report of Secretary Guthrie, in 1856-57, which states that after all his labor to collect the public money from those banks there was at that time of unavailable funds \$1,609,072. Millions upon millions will now be lost if again we recede and return to the exploded pet bank system of 1836-37.

THE TRANSFER OF THE PUBLIC MONEY.

I object to this system, too, because it has not made these pet banks pay the cost of the transfer of the public money, but the transfer is to be paid by the United States. Under the old United States Bank, when money in New Orleans in the bank was to be transferred to New York, to Portland, or to St. Louis, the cost of the transfer had to be paid by the bank; but under this bill the difference of exchange as it may rise or fall is to be met by the Treasury of the United States, and all the expense of the transfer of the funds of the public money is to be at the cost of the United States Treasury. If, therefore, this system of banking is to be persisted in I hope the honorable gentleman from Massachusetts will amend the bill in that particular, and give us at least as good a system of transfer as Mr. Biddle gave the country in 1830 and 1836.

THE CORRUPTION IN THE PET BANK SYSTEM.

I object, too, that this system is calculated to lead to corruption and is already leading to corruption of the worst kind. In my own city, New York, it is known to every man connected with the banks that no sooner does the Secretary of the Treasury deposit a large sum of money in a pet bank than that pet bank goes to the sub-Treasurer and invests in the five per cent. temporary loan; or, in other words, the public money belonging to the Government deposited in the banks without interest is lent to that very Government at an interest of five per cent. If the honorable gentleman from Massachusetts will give his attention to the subject and make inquiry he will find that five, six, or seven hundred thousands of the public money have already been thus deposited in certain banks of the city of New York, and that just such deposits are now going on. Sir, no Government, no people, can stand this, thus feeding upon itself—

[Here the hammer fell, the hour allotted having expired.]